

December 19, 1997

Notice of Correction to Form 38

For 1997, a change was made to Federal Form 1041 that affects the completion of Schedule 2 (Long Method) of Form 38. However, the change came to our attention after the 1997 Form 38 was finalized and printed.

The change affected line 2 of Schedule 2 (Long Method). Line 2 should read as follows:

Total deductions (*from Federal Form 1041, line 16 plus line 19 plus line 21*)

Please note this change if completing Schedule 2 of Form 38. We apologize for any inconvenience or problem this may cause you.

If you have any questions about this notice, please contact one of the following individuals:

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For the year January 1 to December 31, 1997, or other taxable year beginning _____, 1997, and ending _____, 19 _____.

Name of estate or trust	Check applicable box(es): a. <input type="checkbox"/> Decedent's estate b. <input type="checkbox"/> Simple trust c. <input type="checkbox"/> Complex trust d. <input type="checkbox"/> Grantor type trust e. <input type="checkbox"/> Bankruptcy estate f. <input type="checkbox"/> Pooled income fund g. <input type="checkbox"/> First return h. <input type="checkbox"/> Final return	Employer identification number*
Name and title of fiduciary		Fiduciary's daytime phone number
Mailing address of fiduciary		If a trust, enter date trust was created ➤
City or town, state, and Zip code		If a decedent's estate, enter date of decedent's death ➤
Filing category: <input type="checkbox"/> Resident <input type="checkbox"/> Nonresident	Was a Form 38 filed for this estate or trust for the preceding tax year? <input type="checkbox"/> Yes <input type="checkbox"/> No	Check if applicable: <input type="checkbox"/> Amended return <input type="checkbox"/> Extension attached
Does the estate or trust have nonresident beneficiaries? <input type="checkbox"/> Yes <input type="checkbox"/> No		

- Complete either Schedule 1 (Short Method) below or Schedule 2 (Long Method) on reverse side, and then complete lines 10 through 20 at bottom of this page. See General Instructions for information on which method to use.
- All filers must complete Schedule 3 on reverse side.

Schedule 1 (Short Method)

1. Federal income tax liability—see instructions for amount to enter on this line (A)	1		
➤ If you don't need lines 3, 4 and 5, enter amount from line 1 on line 9, and go to line 10.			
2. Income from Federal Form 1041, line 9 less income distribution deduction from Federal Form 1041, line 18 (B)	2		
3. Resident filer only: Interest on U.S. obligations included in line 2 (C)	3		
4. Nonresident filer only: Non-North Dakota source income included in line 2 (D)	4		
5. Other (See instructions) (Identify) ➤	5		
6. Total (Add lines 3, 4 and 5)	6		
7. North Dakota income (Subtract line 6 from line 2) (G)	7		
8. North Dakota income percentage (Divide line 7 by line 2 and round to nearest whole percentage)	8	%	
9. Adjusted federal income tax liability (Multiply line 1 by percentage on line 8) (H)	9		

- All filers must complete lines 10 through 20 below.
- Lines 13 through 16 apply only if Schedule 2 (Long Method) is used to compute the tax.

10. North Dakota income tax: If Schedule 1 (Short Method) was completed, multiply amount on Schedule 1, line 9 by .14 (14%). If Schedule 2 (Long Method) was completed, enter the amount from Schedule 2, line 19 (I)	10		
11. Resident filer only: Credit for income tax paid to another state (from Schedule 4, line 7 on page 2) (J)	11		
12. Balance (Subtract line 11 from line 10)	12		
The following credits apply only if Schedule 2 (Long Method) was used to compute the tax.			
13. Venture capital corporation credit (K)	13		
14. North Dakota SBIC credit (L)	14		
15. Nonprofit development corporation credit (M)	15		
16. Seed capital investment credit (R)	16		
17. Net tax liability (Line 12 less lines 13 through 16. If less than zero, enter -0-) (N)	17		
18. 1997 estimated income tax payments (Form 401-ES) (P)	18		
19. REFUND (If line 18 is greater than line 17, subtract line 17 from line 18. If less than \$5.00, enter -0-)	19		
20. BALANCE DUE (If line 17 is greater than line 18, subtract line 18 from line 17. If less than \$5.00, enter -0-)	20		
Make check or money order payable to STATE TAX COMMISSIONER			

Attach a complete copy of the federal fiduciary income tax return

I declare under the penalties of North Dakota Century Code § 12.1-11-02, which provides for a Class A misdemeanor for making a false statement in a governmental matter, that this return, including any accompanying schedules and statements, has been examined by me and to the best of my knowledge and belief is a true, correct, and complete return. *For Federal Privacy Act Information, see General Instructions.

Signature of fiduciary or officer representing fiduciary	Date
Signature of paid preparer	Date

Please Do Not Write In This Space

"Buy
North
Dakota
Products"

Schedule 2 (Long Method)

- **Resident filers: Complete lines 1 through 19.**
- **Nonresident filers: Skip lines 1 through 13. See instructions for line 14, then complete lines 14 through 19.**

1. Total income (from Federal Form 1041, line 9)	1		
2. Total deductions (from Federal Form 1041, line 16 plus line 19 plus line 20)	2		
3. Balance (Subtract line 2 from line 1)	3		
4. North Dakota addback adjustments (See instructions) (Attach supporting schedule)	4		
5. Balance (Add line 3 and line 4)	5		
6. North Dakota subtract adjustments (See instructions) (Attach supporting schedule)	6		
7. Balance (Subtract line 6 from line 5)	7		
8. Federal income tax (from Federal Form 1041, Schedule G, line 4 plus line 2a plus line 5) ...	8		
9. Amount from line 1 above	9		
10. If there is an amount on line 6, see the instructions for the amount to enter on this line. If line 6 is zero, enter amount from line 8 on line 13, and go to line 14	10		
11. Balance (Subtract line 10 from line 9)	11		
12. Deductible percentage (Divide line 11 by line 9 and round to nearest whole percentage)	12	%	
13. Federal income tax deduction (Multiply line 8 by percentage on line 12)	13		
14. North Dakota income (loss) before distribution deduction (Subtract line 13 from line 7)	14		
15. North Dakota distribution deduction (See instructions) (Attach supporting schedule)	15		
16. North Dakota taxable income (Subtract line 15 from line 14)	16		
17. North Dakota income tax (Compute tax using Tax Rate Table below and enter result)	17		
18. Credits (See instructions) (Attach supporting schedule)	18		
19. North Dakota income tax (Subtract line 18 from line 17) Enter here and on page 1, line 10	19		

Form 38 (Long Method) Tax Rate Table

If amount on line 16 is: Your tax is:

Over But not over

\$ 0	\$ 3,000	2.67% of amount on line 16
3,000	5,000	\$ 80.10 plus 4.00% of amount over \$ 3,000
5,000	8,000	160.10 plus 5.33% of amount over 5,000
8,000	15,000	320.00 plus 6.67% of amount over 8,000

If amount on line 16 is: Your tax is:

Over But not over

\$ 15,000	\$ 25,000	\$ 786.90 plus 8.00% of amount over \$ 15,000
25,000	35,000	1,586.90 plus 9.33% of amount over 25,000
35,000	50,000	2,519.90 plus 10.67% of amount over 35,000
50,000		4,120.40 plus 12.00% of amount over 50,000

Schedule 3 — Beneficiaries' Shares Of North Dakota Income (Loss)

Name (If nonresident, check block)	Address (Street or box no., city, state, Zip Code)	Social security number or Fed. EIN	North Dakota Income (Loss)
<input type="checkbox"/>			
<input type="checkbox"/>			
<input type="checkbox"/>			
<input type="checkbox"/>			
<input type="checkbox"/>			
Total North Dakota income (loss) (If more than 5 beneficiaries, complete and attach separate schedule, and include total from separate schedule on this line)			

Schedule 4—Credit For Income Tax Paid To Another State

1. Income from Federal Form 1041, line 9 less income distribution deduction from Federal Form 1041, line 18	1	
2. Portion of amount on line 1 reportable to the other state (See instructions below)	2	
3. Credit percentage (Divide line 2 by line 1 and round to nearest whole percentage)	3	%
4. North Dakota income tax (from page 1, line 10)	4	
5. Multiply line 4 by percentage on line 3	5	
6. Amount of income tax paid to the other state (See instructions below)	6	
7. Credit for income tax paid to another state (Lesser of line 5 or line 6) Enter here and on page 1, line 11	7	

Instructions for Schedule 4

If income tax is paid to more than one other state, complete a separate Schedule 4 for each state.

Line 2. Enter only that portion of the fiduciary's federal income that is reportable to the other state.

Disregard any adjustment to the fiduciary's federal income required by the other state's law.

Line 6. Enter the actual income tax liability less any income tax credits (except withholding and estimated tax) reported on the other state's return. Do

not enter withholding or estimated tax amounts on this line; these amounts are only estimates of the actual tax owed to the other state, part or all of which may be refunded to the fiduciary.